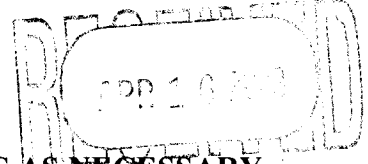


ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ARIZONA CORPORATION
COMMISSION



ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

Director of Utilities



W-03576A
Santa Cruz Water Company
426 North 44th Street, Suite 200
Phoenix AZ 85008

ANNUAL REPORT

*Entered
4/30/03
C.M.
2002
assessment
db updated
C.M.*

FOR YEAR ENDING

12	31	2002
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FOR COMMISSION USE

ANN 04	02
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*4-23-03
Property taxes have not
been separated by parcel
taxes paid by people
w/ surrounding
property*

COMPANY INFORMATION

Company Name (Business Name) <u>Santa Cruz Water Company</u>		
Mailing Address <u>426 N 44th St., Ste. 200</u>		
<u>Phoenix</u> (City)	<u>AZ</u> (State)	<u>85008</u> (Zip)
<u>602 - 914 - 2200</u> Telephone No. (Include Area Code)	<u>602 914 2101</u> Fax No. (Include Area Code)	 Pager/Cell No. (Include Area Code)
Email Address <u>cliles @ phxcapital.net</u>		
Local Office Mailing Address <u>(same as above)</u>		
 (City)	 (State)	 (Zip)
 Local Office Telephone No. (Include Area Code)	 Fax No. (Include Area Code)	 Pager/Cell No. (Include Area Code)
Email Address 		

MANAGEMENT INFORMATION

Management Contact: <u>Cindy Liles</u>		<u>VP - CFO</u>
(Name)		(Title)
<u>426 N. 44th St., Ste 200</u> (Street)	<u>Phoenix</u> (City)	<u>AZ</u> (State)
<u>85008</u> (Zip)		
<u>602 914 - 2200</u> Telephone No. (Include Area Code)	<u>602 914 2101</u> Fax No. (Include Area Code)	 Pager/Cell No. (Include Area Code)
Email Address <u>cliles @ phxcapital.net</u>		
On Site Manager: <u>Edward Farrell</u>		
(Name)		
 (Street)	 (City)	 (State)
 (Zip)		
<u>520 - 518 - 1235</u> Telephone No. (Include Area Code)	 Fax No. (Include Area Code)	<u>520 - 518 - 1235</u> Pager/Cell No. (Include Area Code)
Email Address 		

Statutory Agent: FC Service Corporation

(Name)

3003 N. Central Avenue, Ste. 2200, Phoenix, AZ 85012

(Street)

(City)

(State)

(Zip)

602-916-5000

Telephone No. (Include Area Code)

602 916 5566

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Attorney: Jay Shapiro, Fennemore Craig

(Name)

3003 N. Central Avenue, Ste. 2600, Phoenix, AZ 85012

(Street)

(City)

(State)

(Zip)

602 916 5366

Telephone No. (Include Area Code)

602 916 5566

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☐ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☐ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co op (A)

☐ Receivership (R)

☒ Limited Liability Company

☐ Other (Describe) _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☐ GREENLEE

☐ LA PAZ

☐ MARICOPA

☐ MOHAVE

☐ NAVAJO

☐ PIMA

☒ PINAL

☐ SANTA CRUZ

☐ YAVAPAI

☐ YUMA

☐ STATEWIDE

COMPANY NAME

*Santa Cruz Water Company*UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	96890		96890
302	Franchises			
303	Land and Land Rights	13490		13490
304	Structures and Improvements	379628	5505	374123
307	Wells and Springs	134365	2687	131678
311	Pumping Equipment	321723	8043	313680
320	Water Treatment Equipment	6762	169	6593
330	Distribution Reservoirs and Standpipes	323495	5661	317834
331	Transmission and Distribution Mains	1469216	24242	1444974
333	Services	256013	4608	251405
334	Meters and Meter Installations	53296	959	52337
335	Hydrants	192012	2880	189132
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	21190	720	20470
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	3268080	55474	3212606

This amount goes on the Balance Sheet Acct. No. 108

1/2 year convention

COMPANY NAME

Santa Cruz Water Company

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2) Annual Rate	^{1/2 Year} Convention Depreciation Expense (1x2)
301	Organization	96890	0	0
302	Franchises			
303	Land and Land Rights	13490	0	0
304	Structures and Improvements	379628	2.9%	5505
307	Wells and Springs	134365	4.0	2687
311	Pumping Equipment	321723	5.0	8043
320	Water Treatment Equipment	6762	5.0	169
330	Distribution Reservoirs and Standpipes	323495	3.5	5661
331	Transmission and Distribution Mains	1469216	3.3	24242
333	Services	256013	3.6	4608
334	Meters and Meter Installations	53296	3.6	959
335	Hydrants	192012	3.0	2980
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	21190	6.8	720
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	3268080		55474

This amount goes on Comparative Statement of Income and Expense
Acct. No. 403.

1/2 year
Convention

COMPANY NAME

Santa Cruz Water Company

BALANCE SHEET

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 57030	\$ 111276
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	32628	141237
146	Notes/Receivables from Associated Companies		155563
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 89658	\$ 408076
	FIXED ASSETS		
101	Utility Plant in Service	\$ 1939395	\$ 3268080
103	Property Held for Future Use		
105	Construction Work in Progress		721688
108	Accumulated Depreciation – Utility Plant		< 55474 >
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 1939395	\$ 3934294
	TOTAL ASSETS	\$ 2029053	\$ 4342370

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

COMPANY NAME

Santa Cruz Water Company

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$	\$ 114067
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits		
236	Accrued Taxes	2005	781
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities	37243	16933
	TOTAL CURRENT LIABILITIES	\$ 39248	\$ 131781
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$	\$
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	50410	1523659
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ 50410	\$ 1523659
	TOTAL LIABILITIES	\$ 89658	\$ 1655440
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 1939395	\$ 2445937
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings		240993
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 1939395	\$ 2686930
	TOTAL LIABILITIES AND CAPITAL	\$ 2029053	\$ 4342370

COMPANY NAME

Santa Cruz Water Company

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 30623	\$ 489920
460	Unmetered Water Revenue		
474	Other Water Revenues	2375	47758
	TOTAL REVENUES	\$ 32998	\$ 537678
	OPERATING EXPENSES		
601	Salaries and Wages	\$	\$ 122470
610	Purchased Water		
615	Purchased Power		57841
618	Chemicals		1645
620	Repairs and Maintenance		17582
621	Office Supplies and Expense	828	16674
630	Outside Services	1550	25369
635	Water Testing		
641	Rents		22820
650	Transportation Expenses		
657	Insurance – General Liability		5901
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	30620	< 28708
403	Depreciation Expense		55474
408	Taxes Other Than Income		
408.11	Property Taxes		80
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 32998	\$ 297148
	OPERATING INCOME/(LOSS)	\$ 0	\$ 240530
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$ 463
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	TOTAL OTHER INCOME/(EXPENSE)	\$ 0	\$ 463
	NET INCOME/(LOSS)	\$ 0	\$ 240993

COMPANY NAME	Santa Cruz Water Company
--------------	--------------------------

SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	N/A			
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate				
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End	\$	0
--	----	---

Meter Deposits Refunded During the Test Year	\$	0
--	----	---

COMPANY NAME

Santa Cruz Water Company

WATER COMPANY PLANT DESCRIPTIONWELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (Gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-612737	100	950	1000'	20"	8"	1972
Well rebuilt June 2001.			Well used for domestic purpose.			
55-617336	250	2000	800'	20"	10"	1973
Well rebuilt February 2002						
55-621410	100	1000	400'	20"	10"	1955
Well rebuilt October 2002						

- Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
none		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
40	4	106	0

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
1.5 million gallon	1	10,000 gallon	2

COMPANY NAME

Santa Cruz Water Company

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2		
3		
4		
5		
6	PVC	8338
8	PVC	33320
10	PVC	1191
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	346
3/4	817
1	
1 1/2	
2 Turbo	9
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

Chlorination Injection

STRUCTURES:

1 EA. 1,500,000 gallon steel, treated water storage tank

1 EA. 10x24' Trailer / office

OTHER:

ELECTRICAL EQUIPMENT AT WATER TREATMENT PLANT

4 EA. 500 GPM BOOSTER PUMPS

1 EA. 600 KW generator

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2002

MONTH	NUMBER OF CUSTOMERS *	GALLONS SOLD (Thousands)	GALLON PUMPED (Thousands)
JANUARY	60	2767	2767
FEBRUARY	172	990	2633
MARCH	309	5202	10154
APRIL	463	4120	9869
MAY	532	6601	135690
JUNE	703	7225	60912
JULY	713	5294	13621
AUGUST	775	7574	26043
SEPTEMBER	817	9331	36164
OCTOBER	859	8856	28315
NOVEMBER	866	18872	31997
DECEMBER	885	13414	13290
TOTAL		N/A 90246 ^{ca}	

* CUSTOMERS includes all water sold including residential, H.O.A. irrigation meters, and construction.

lakes

Is the Water Utility located in an ADWR Active Management Area (AMA)?

☒ Yes

☐ No

Does the Company have An ADWR Gallons Per Capita Per Day (GPCPD) requirement?

☒ Yes

☐ No

If yes, provide the GPCPD amount: 125

What is the level of arsenic for each well on your system. .011 mg/l

(If more than one well, please list each separately) Domestic well is 55-612737.

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME Santa Cruz Water Company YEAR ENDING 12/31/2002

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2002 was: \$ 79.70

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. The water company tax parcels have
not been completely identified and separately billed.
Remaining taxes, if any, have been paid by the
owner of the land surrounding the water company.

COMPANY NAME Santa Cruz Water Company YEAR ENDING 12/31/2002

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported
Estimated or Actual Federal Tax Liability

Not applicable

State Taxable Income Reported
Estimated or Actual State Tax Liability

1

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances
Amount of Gross-Up Tax Collected
Total Grossed-Up Contributions/Advances

0
0
0

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

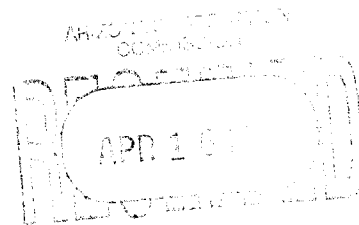

SIGNATURE

4-14-03
DATE

Michael T. Reinbold
PRINTED NAME

President
TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**



VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	<u>PINAL</u>
NAME (OWNER OR OFFICIAL) TITLE	<u>CINDY LILES, CFO</u>
COMPANY NAME	<u>Santa Cruz Water Company</u>

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2002

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2002 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)

\$ 573,112.⁰⁰

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 35434.⁰⁰

IN SALES TAXES BILLED, OR COLLECTED

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

14th

DAY OF

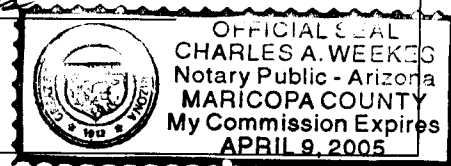
(SEAL)

MY COMMISSION EXPIRES April 9, 2005

Cindy Liles VP-CFO
SIGNATURE OF OWNER OR OFFICIAL)
602-914-2100
TELEPHONE NUMBER

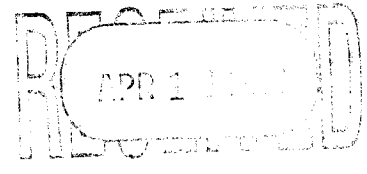
COUNTY NAME	<u>Maricopa</u>	
MONTH	<u>April</u>	<u>2003</u>

Charles A. Weekes
SIGNATURE OF NOTARY PUBLIC



**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

ARIZONA CORPORATION
COMMISSION



VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

(COUNTY NAME) <u>PINAL</u>	
NAME (OWNER OR OFFICIAL) <u>CINDY LILES</u>	TITLE <u>CFO</u>
COMPANY NAME <u>Santa Cruz Water Company</u>	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2002</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2002 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES \$ <u>142449.⁰⁰</u>

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 8744.⁰⁰
IN SALES TAXES BILLED, OR COLLECTED

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

Cindy Liles, VP-CFO
SIGNATURE OF OWNER OR OFFICIAL

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

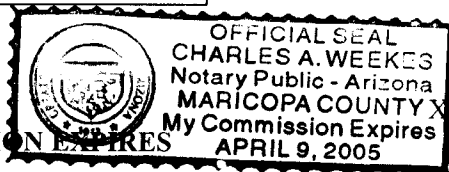
14th

DAY OF

NOTARY PUBLIC NAME <u>Charles A. Weekes</u>	
COUNTY NAME <u>Maricopa</u>	
MONTH <u>April</u>	<u>2003</u>

(SEAL)

MY COMMISSION EXPIRES



Charles A. Weekes

SIGNATURE OF NOTARY PUBLIC